



SECTION 12

Other Budget Considerations and Requirements

12.1 Other Considerations

Architect/Engineer Fees

For the purpose of budgeting for capital projects, the fees for architect/engineer services are calculated using the Guidelines for Determining Architect/Engineer Fees for Public Works Building Projects (Appendix B). The guidelines define the basic services that should be included in each design phase and provide definitions for reimbursable expenses and extra/other services.

Energy conservation considerations

Energy conservation considerations should be included within the C2 narrative section, identifying choices made in the predesign phase and how these measures meet the Governor's directive that buildings be designed and built to lowest life cycle cost. For assistance in developing the energy-related components of project requests, contact the Energy Program Manager, Department of General Administration, through the Division of Engineering and Architectural Services at (360) 902-7272.

Coordination with regional and local governments on project siting

OFM is required under the Growth Management Act to maintain a list of "Essential State Public Facilities" to inform regional and local governments of the construction or siting of facilities across the state. All state-owned projects identified in the Governor's Ten-Year Capital Plan are essential public facilities.

Local governments cannot preclude the siting of essential state public facilities. For its part, the state must comply with local planning ordinances. While not all capital projects are sited at the time the budget is considered, it is important, whenever possible, to identify the preferred area or optional sites for locating each facility.

Growth management information is required in capital plan

The goal of the legislation is to promote state capital facility expenditures that minimize unplanned or uncoordinated infrastructure and development costs, support economic and quality of life benefits for existing communities, and support local government planning efforts. Prior to capital budget submittal, agencies should make early contact with affected local governments and review their project lists against local plans and ordinances to ensure consistency with local plans.

RCW 43.88.0301 requires state agencies to answer the following questions as part of the 2005-07 capital budget application process:

- Is the proposed capital project identified in the host city or county comprehensive plan, including the capital facility plan and implementing rules adopted under chapter 36.70A RCW?
- Is the proposed capital project located within an adopted urban growth area?
- If located within an adopted urban growth area, does the project facilitate, accommodate, or attract planned population and employment growth?
- If located outside an urban growth area boundary, does the proposed capital project create pressures for additional development?
- Was there regional coordination during project development?
- Does the project include leveraging of local or other funds?
- Have environmental outcomes and the reduction of adverse environmental impacts been examined?

This information requirement applies only to major capital construction projects over \$5 million and required to complete a predesign if located in a city or county planning under RCW 36.70A.040. Agencies should use the online template available at <http://www.ofm.wa.gov/budget/forms.htm>. The completed template must be submitted to OFM in the ten-year plan submission. A sample template can be found in Appendix D.

Assistance by CTED is available

The Department of Community, Trade, and Economic Development (CTED) can assist agencies in obtaining copies of local comprehensive plans and in answering the questions. For assistance, contact David Andersen, Department of Community, Trade, and Economic Development at (360) 725-3052 or davida@cted.wa.gov.

The state also has a strong interest in those community-based facilities that are not owned by the state but are operated by other entities under contract to the state. State agencies with an interest in the siting of these community-based facilities should contact appropriate local governments to ensure that such facilities can be accommodated.

Allotment instructions will be issued

OFM will issue allotment instructions following the passage of the capital budget. Agencies will be required to identify estimated expenditure and cash flow data by month for each appropriation received. The data will become the basis for evaluating project status throughout the next biennium and will be used by the Office of the State Treasurer.

OFM reports annually to the Legislature on cost overruns or underruns

RCW 43.88.160 requires OFM to make an annual report to the Legislature regarding the status of all appropriated capital projects (including transportation projects) that show significant cost overruns or underruns. As these projects are completed, agencies must provide OFM with a final summary showing estimated start and completion dates of each project phase compared to actual dates, as well as estimated costs of each phase compared to actual costs. OFM will provide this information to the Legislature.

Facility inventory system updates are due June 30, 2004

Statewide inventory data will play an important role in future budget decisions. Due on June 30, 2004, updated changes in the OFM Facility Inventory System (FIS) provide condition assessment for facilities will be especially helpful in reviewing budget requests. For this reason, identification of facility condition has become mandatory in FIS updates. In addition, square-foot information will be used in assessing agency performance regarding maintenance and preservation. Finally, information contained in the FIS will be used by the agencies in their Annual Maintenance Summary Report.

GA assessments for Thurston County space

RCW 43.01 directs the Department of General Administration (GA) to assess agencies for two costs related to the construction, renovation, and occupancy of certain space owned and managed by GA in Thurston County. One of these charges is the recovery of financing costs related to construction or major renovation projects, and the other is a capital projects surcharge levied in agency operating budgets to cover some of the costs of capital projects in Thurston County. (These charges are in addition to all existing facilities and services, seat of government, and Division of State Services lease management charges.)

Both of these additional charges will occur in the operating budgets of affected agencies. Please refer to the OFM 2005-07 Operating Budget Instructions, Part 2, for additional information about these charges.

***Capital Project
Surcharge***

The capital project surcharge is collected from all agencies housed in GA-owned and managed facilities in Thurston County except those occupying the Natural Resources and Highways-Licenses buildings. These buildings have separate financing cost-recovery agreements and are exempt from the capital project surcharge until the current cost recovery agreements expire or a surcharge is negotiated with GA.

State statute allows increases to the capital project surcharge over time. For the 2005-07 Biennium, the surcharge is \$5 per square foot and is included in the OFM central service agency charge adjustments made to an agency's operating budget.

Cost Recovery Charge

The financing cost-recovery charge (debt service) applies to those facilities being purchased, constructed, or undergoing major renovation and will begin once agencies occupy the new or newly renovated space. This charge, like the capital project surcharge, is an OFM central service agency charge adjustment.

GA will include financing plans in its Ten-Year Capital Plan requests for such new construction or major renovation projects. Tenant agencies must include funds in their operating budget requests to pay the financing cost-recovery charges in the biennium in which they occupy the new or newly renovated space. GA and the tenant agencies will coordinate their requests.

**Plant Operations
Support Consortium**



The Department of General Administration's Plant Operations Support Consortium may be able to assist in the implementation of capital projects. The Consortium provides support with project management, on-site assessment/consultation, technical assistance, and equipment brokering to facility managers. For more information, contact the Department of General Administration's Engineering and Architectural Services at (360) 902-7272.